

JUPITER PENSION SCHEME

THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE:

1 APRIL 2020 – 31 MARCH 2021

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Jupiter Pension Scheme ("the Scheme") is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution schemes – DC).

Default arrangement

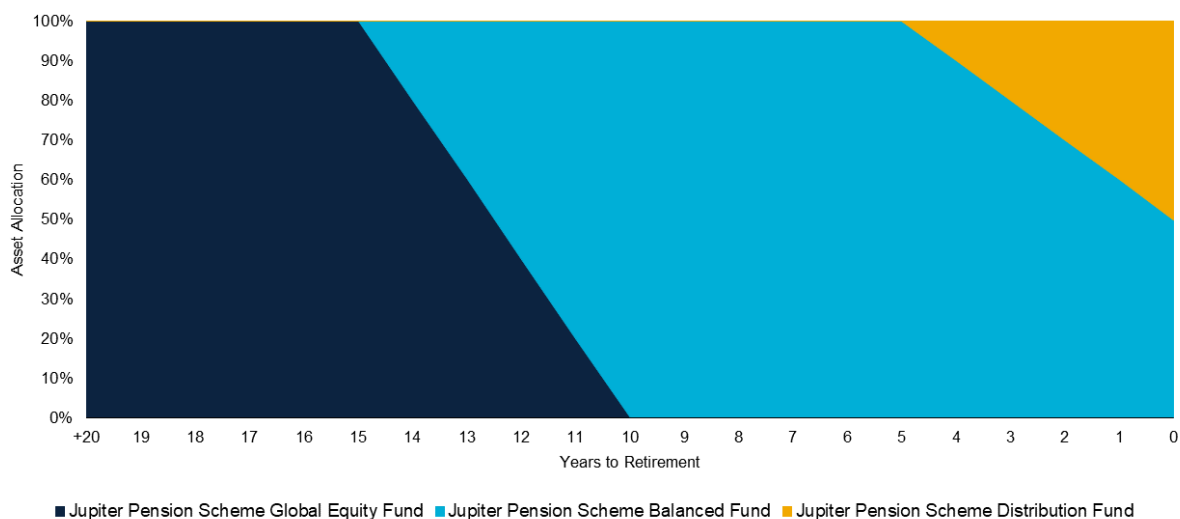
Members of the Scheme who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustee with the advice of their Investment Consultant.

During the period covered by this statement, the Scheme's default strategy was subject to changes. A formal review was carried out by the Trustee's Investment Consultant, Mercer, between March and May 2019 and the outcome was discussed by the Trustee in the meeting of 17 June 2019. The changes from this review were implemented with effect from 16 June 2020. In determining the investment strategy, the Trustee undertook extensive investigations and received formal written investment advice from its Investment Consultant. The Trustee has explicitly considered member demographics and the trade-off between risk and expected returns.

The new default investment strategy is a lifestyle arrangement, rather than the previous fixed allocation to the Jupiter Pension Scheme Balanced Fund. The main objective of the new default is to provide an investment strategy that is aligned to the needs of an average member that will optimise the return on investments while providing a broad level of protection against the key risks as identified in the Scheme's SIP. The new default strategy achieves this by introducing lifestyle investing, whereby savings are exposed to riskier, higher growth investments further from retirement, and lower-risk investments as retirement approaches. The new lifestyle has three distinct stages: Growth, Consolidation and Access:

- During the Growth phase (up to 15 years before retirement), assets are fully invested in the **Jupiter Pension Scheme Global Equity Fund**. This is a new fund that has been specifically established for the Scheme that provides exposure to a diversified range of equities from around the world by investing in underlying funds that are predominantly managed by Jupiter Asset Management. This new fund exposes savings to a greater proportion of growth assets when compared to the old default.
- Savings and contributions are then switched at a constant rate into the **Jupiter Pension Scheme Balanced Fund** so that a member is fully invested in this fund when they are between 10 and 5 years from retirement; this offers a greater level of downside protection while still exposing a member's savings to a decent level of growth opportunity. This is known as the Consolidation phase.
- During the final 5 years before retirement, 50% of assets are gradually moved into the **Jupiter Pension Scheme Distribution Fund**. This fund invests around 75% of savings into fixed interest securities issued by companies or governments based anywhere in the world and the remaining 25% into equities, most of which are UK-based. The fund is therefore a lower risk investment compared to the Jupiter Pension Scheme Balanced Fund and is used to help reduce large fluctuations in the value of a member's savings pot in the run up to retirement.

The current default strategy can be illustrated using the following chart:



In addition to the default strategy changes, following the investment strategy review of 2019 the Trustee also agreed to add the following three funds to the list of available self-select options. The funds were added to the Scheme with effect from 16 June 2020.

- **Jupiter Pension Scheme Global Equity Fund**, the fund used during the Growth stage of the new default lifestyle;
- **Jupiter Pension Scheme Global Sustainable Equity Fund**, a global equity fund with a focus on sustainable investment practices, which is also an underlying fund within the Jupiter Pension Scheme Global Equity Fund;
- **Jupiter Pension Scheme Northern Trust Sterling Fund**, a cash fund to offer a lower risk option to members.

The default arrangement is described in further detail in the Scheme's SIP which was last reviewed by the Trustee and adopted on 29 September 2020 and a copy of which is appended to this statement. The latest SIP review included updating the SIP for the Scheme's new investment strategy and updating for the latest regulatory requirements covering the Trustee's policies relating to investment manager arrangements and stewardship.

The default strategy will be reviewed as a minimum every three years (i.e. by June 2022). The SIP will also be reviewed as a minimum every three years or as soon as any significant developments in investment policy or member demographics take place.

The Trustee continually monitors the performance of the Scheme's investments throughout the year and receives quarterly performance reports from the investment managers which are reviewed at quarterly Trustee meetings. In particular, both absolute and relative performance are reviewed, and Jupiter Asset Management provides the Trustee with additional commentary on Jupiter's funds, which typically includes details of the contribution of each of the underlying holdings, any material changes to these underlying holdings as well as information about any significant exposures. The Trustee also has face to face meetings with the fund managers from time-to-time. The Scheme's Investment Consultant is present at every quarterly Trustee meeting and will challenge the investment managers on performance issues, if these arise. We are happy with the performance over the period covered by this statement and we have no major concerns regarding the performance of any of the funds used in the Scheme.

The Trustee has set up processes to publish this Statement, the Scheme's SIP, the Implementation Statement, and any other information as required online at the following URL: <https://www.jupiteram.com/board-and-governance/#jupiter-pension-scheme> and will notify members about this in their annual benefit statements.

Processing Scheme transactions

The Trustee has a specific duty to ensure that the Scheme's core financial transactions are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the

Scheme, transfers between different investments within the Scheme and payments to and in respect of members.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Mercer, and its investment manager Jupiter Asset Management Limited. The Trustee periodically reviews the processes and controls implemented by those organisations, and considers them to be suitably designed to achieve these objectives. The Trustee has a service level agreement (SLA) in place with the Scheme administrator which covers the accuracy and timeliness of all core transactions and receives regular reports to monitor the performance against those service levels. The processes adopted by the Scheme administrator to help meet the SLA include dynamics checklists, a central financial control team separate to the admin team, daily monitoring of bank accounts, a dedicated contribution processing team and three level checking of investment and banking transactions.

During the period covered by this statement, 80% of work was completed within the agreed service levels. This is an increase on the previous year's SLA at 58%. The impact of COVID19 on the Administration team was quite significant during the Statement period as staff had to be set up to work from home and in addition sickness levels were higher. Monthly catch up calls were held between the Trustee and Admin team to discuss monthly performance against SLAs and general administration matters. The Trustee is pleased to note that performance improved steadily over the period and although there were still some delays in the processing of Scheme transactions due to a high turnover of the Scheme administrator's staff it was noted that the performance trend was upwards. There were no material issues relating to the processing of Scheme transactions over the Scheme year and no members were financially impacted as a result of missed SLAs.

The Trustee will continue to closely review the performance of the Admin team over the 2021 and will take further action if required. The Trustee also receives an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer.

In light of the above, the Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met and were processed accurately during the scheme year.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustee to disclose the charges and transactions costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for members. These costs are not limited to the ongoing charges on member funds, but should also include transaction costs incurred within such funds. We have taken account of all relevant statutory guidance when preparing this section of the report.

Annual charges for each fund are presented as the Ongoing Charges Figure ("OCF"). This includes investment management charges and additional expenses and allows for the rebate of Jupiter Asset Management fees to members. In addition to the OCF, investment funds are subject to other implicit costs, such as the transaction costs associated with trading a fund's underlying securities.

Transaction costs have been provided by the Scheme's investment manager and they are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed. Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Ongoing Charges Figure (OCFs) payable for each fund as well as the transaction costs during the year under review within the current default arrangement are as follows:

Fund	OCF (%)	Transaction Cost (%)
JPS Global Equity Fund	0.51	0.04
JPS Balanced Fund	0.68	0.02
JPS Distribution Fund	0.20	0.00

Source: Jupiter Asset Management Limited. Charges shown here are those that apply directly to members' investments, after accounting for the rebate of Jupiter fees. Transaction Costs shown are for the year to 31 March 2021.

This is lower than the maximum OCF allowed of 0.75% for default arrangements.

The Trustee also makes available a range of funds which may be chosen by members as an alternative to the default arrangement. These funds allow members to take a more tailored approach to managing their own pension investments and attract OCFs and transaction costs as follows:

Fund	OCF (%)	Transaction Cost (%)
JPS Global Equity Fund	0.51	0.04
JPS Global Sustainable Equity Fund	0.20	0.00
JPS Northern Trust Sterling Fund	0.20	0.00
JPS Merlin Growth Fund	0.93	0.00
JPS Balanced Fund	0.68	0.02
JPS Pre-Retirement Fund	0.20	0.01
JPS Distribution Fund	0.20	0.00

Source: Jupiter Asset Management Limited. Charges shown here are those that apply directly to members' investments, after accounting for the rebate of Jupiter fees. Transaction Costs shown are for the year to 31 March 2021.

The Trustee is comfortable that the costs for the default arrangement and self-select funds were reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies and schemes. Further details are provided in the "Value for Members" section below.

Cumulative effect of charges

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in a selection of significant funds within the Scheme. The funds we are required to illustrate are (with the specific Scheme fund in brackets):

- The fund or strategy with the most members invested (*the Default Strategy*)
- The most expensive fund (*JPS Merlin Growth Fund*)
- The cheapest fund (*JPS Global Sustainable Equity Fund*)
- The fund with the highest expected net return (*JPS Global Sustainable Equity Fund*)
- The fund with the lowest expected net return (*JPS Northern Trust Sterling Fund*)

To illustrate the impact of charges on a typical active member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation.

Illustrations for an "Average" member				
	Default Strategy <i>(the most popular option)</i>	JPS Merlin Growth Fund <i>(most expensive fund)</i>	JPS Global Sustainable Equity Fund	JPS Northern Trust Sterling Fund <i>(lowest expected return fund)</i>

					<i>(cheapest and highest expected return fund)</i>			
Years from now	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£50,315	£50,038	£50,299	£49,829	£50,297	£50,197	£48,265	£48,168
3	£77,044	£75,972	£76,979	£75,167	£76,973	£76,582	£69,156	£68,810
5	£105,423	£103,205	£105,286	£101,551	£105,274	£104,463	£89,323	£88,656
10	£184,277	£177,409	£183,836	£172,372	£183,796	£181,274	£136,732	£134,988
15	£273,317	£258,064	£274,911	£250,725	£274,826	£269,432	£180,136	£176,983
20	£370,709	£341,925	£380,510	£337,412	£380,354	£370,613	£219,872	£215,046
25	£470,565	£426,288	£502,948	£433,319	£502,690	£486,742	£256,251	£249,547
26 (retirement)	£488,501	£441,594	£529,686	£453,692	£529,403	£511,950	£263,149	£256,049

Illustrations for a “Young” member

	Default Strategy <i>(the most popular option)</i>		JPS Merlin Growth Fund <i>(most expensive fund)</i>		JPS Global Sustainable Equity Fund <i>(cheapest and highest expected return fund)</i>		JPS Northern Trust Sterling Fund <i>(lowest expected return fund)</i>	
Years from now	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£15,471	£15,386	£15,467	£15,322	£15,466	£15,435	£14,911	£14,881
3	£29,426	£29,049	£29,405	£28,768	£29,403	£29,266	£26,813	£26,689
5	£44,243	£43,397	£44,193	£42,767	£44,189	£43,880	£38,301	£38,042
10	£85,413	£82,491	£85,229	£80,347	£85,212	£84,140	£65,309	£64,546
15	£133,235	£126,668	£132,808	£121,923	£132,770	£130,348	£90,034	£88,569
20	£188,785	£176,589	£187,975	£167,921	£187,903	£183,383	£112,671	£110,343
25	£253,312	£232,999	£251,938	£218,812	£251,817	£244,252	£133,395	£130,078
30	£325,110	£292,988	£326,102	£275,115	£325,910	£314,113	£152,368	£147,967
35	£401,938	£353,249	£412,091	£337,407	£411,805	£394,294	£169,738	£164,181
40	£478,131	£411,906	£511,794	£406,324	£511,380	£486,321	£185,641	£178,877

41 (retirement)	£490,978	£421,914	£533,566	£420,964	£533,123	£506,297	£188,656	£181,646
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Assumptions		
The above illustrations have been produced for an “average” member and a “young” member of the Scheme based on the Scheme’s membership data. The “Default Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.		
The values shown are estimates and are not guaranteed.		
Age		
<ul style="list-style-type: none">“Average” member“Young” member	39 <i>(the average age of the Scheme’s membership)</i> 24 <i>(the average age of the youngest 10% of members)</i>	
Scheme Retirement Age	65	
Starting Pot Size		
<ul style="list-style-type: none">“Average” member“Young” member	£37,539 <i>(the median pot size of the Scheme’s membership)</i> £8,801 <i>(the median pot size for the youngest 10% of members)</i>	
Starting Salary		
<ul style="list-style-type: none">“Average” member“Young” member	£76,500 <i>(the median salary of the Scheme’s membership)</i> £42,100 <i>(the median salary for the youngest 10% of members)</i>	
Inflation	2.5% p.a.	
Rate of Salary Growth	2.5% p.a.	
Employer annual contributions	15% p.a.	
Employee annual contributions	0% p.a.	
Expected future nominal returns on investment:		
<ul style="list-style-type: none">Default Strategy<ul style="list-style-type: none">JPS Global Equity FundJPS Balanced FundJPS Distribution FundJupiter Merlin Growth FundJPS Global Sustainable Equity FundJPS Northern Trust Sterling Fund	3.0% above inflation 2.5% above inflation 0.18% above inflation 3.0% above inflation 3.0% above inflation 1.75% below inflation	

Value for members

The law requires the Trustee to assess the extent to which the charges and transaction costs set out above represent good value for Scheme members.

The Trustee understands that value for members does not necessarily mean selecting the cheapest option. In the annual review of value for members we consider many factors including quality of customer service,

member communications and support, the efficiency of administration services, the robustness of Scheme governance, fund management and performance of the funds.

Six of the funds used by the Scheme have been through an “Indication Review” (conducted by Mercer’s Manager Research Team) and each received an Amber rating implying that each fund has “average” prospects of resulting in an investable rating following further research. One of the Scheme’s funds, the Jupiter Global Sustainable Equity Fund, has a full investable rating from Mercer’s Manager Research Team.

Investment performance is reviewed and discussed at least quarterly. The same applies with the efficiency of administration services, which are also discussed quarterly. With this in mind, the Trustee has assessed the costs and charges disclosed and is satisfied that the stated explicit charges for the Scheme’s funds represent good value for money in the context of the outcomes targeted by such funds and the current market rates for similar investments levied on members of schemes with a similar membership profile.

The Trustee carries out an annual formal value for members assessment, with the latest covering the Scheme Year to 31 March 2021. The assessment considered three key areas: Price, Performance and Productivity, covering factors such as investment fees, investment performance and non-investment items such as administration, governance and communications. The assessment concluded that overall the Scheme was offering good value to members. The assessment also highlighted areas where the Scheme could improve, such as by providing better online access for members and improving administration services. The Trustee acknowledges the steady improvements made in administration services during the period under review and is pleased to see a continued upward trend in performance after the year end.

Value for members is boosted by the use of Jupiter’s own in-house funds as members receive a rebate for any investment management fees incurred by Jupiter Asset Management; these rebates are accounted for in the calculation of the Ongoing Charges Figures provided earlier in this statement. Members of the Scheme also benefit from a very competitive contribution structure, where the Employer contributes 15% and members are not required to contribute but may opt to make additional voluntary contributions.

Trustee’s knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator’s Codes of Practice 07 and 13. The comments in this section relate to the Trustee as a body in dealing with the whole Scheme.

The Trustee has put in place arrangements for ensuring that we take personal responsibility for keeping ourselves up-to-date with relevant developments. The sole Trustee of the Scheme, BESTrustees Limited, is a company which provides trusteeship services to a wide range of clients. Providing this service is educational in itself since it allows the company’s representatives to compare and contrast experience gained across a wide range of schemes. However, there are more formal aspects to the way in which representatives of BESTrustees pursue a programme of continuing professional development. Each of the firm’s representatives is a fully accredited member of the Association of Professional Pension Trustees which sets minimum standards for annual training. BESTrustees organises a number of bespoke training courses for its own employees and encourages them to take full advantage of relevant courses provided by specialists in various fields, including training that is relevant to defined contribution arrangements.

Over the period covered by this statement, the Trustee attended various training and education sessions including sessions the following pertinent to DC:

- ESG and sustainable investments
- Pension Scams
- Cyber Risk
- TPR Single Code consultation
- Scheme Consolidation

- Retirement Living standards

The Trustee's representatives are required to undertake Continued Professional Development (CPD) to remain accredited and as such records detailed logs of all training and learning undertaken each year. Both of BESTrustees' representatives exceeded the minimum required CPD.

The Trustee representatives also completed the new module in the TPR Toolkit on Pension Scams during the year.

In addition, the Trustee receives advice from professional advisers, and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. The Trustee also includes legislative updates and Trustee Knowledge and Understanding on the agenda for each of its meetings, which are held on a quarterly basis.

The Trustee maintains a log at each quarterly meeting to ensure it captures how it has applied its knowledge and understanding and how this is demonstrated which is set out below:

Requirement	Relevant discussion	Date
Demonstrate a working knowledge of the trust deed and rules	The Trustee discussed discretionary benefits that had been awarded to members of the Scheme, relating to a death case and early drawdown.	23/06/20
Demonstrate a working knowledge of the current SIP	The Trustee acknowledged the upcoming requirements regarding the need to include details of additional policies on asset manager arrangements and stewardship prior to 1st October 2020.	23/06/20
	The Trustee reviewed and approved amendments to the Statement of Investment Principles ("SIP").	18/08/20
Demonstrate a working knowledge of all documents setting out the trustees' current policies	The Trustee is currently considering the effectiveness of the Scheme Risk Register format.	23/03/21
	The Trustee is undertaking a review of the Investment Management Agreement (IMA)	06/07/21
Demonstrate sufficient knowledge and understanding of the law relating to pensions and trusts	The Trustee prepares an annual Chair's Statement.	10/09/20
	The Trustee acknowledged late submission of the Trustee Report & Accounts to the Pension Regulator and is working to ensure future delays are avoided.	23/03/21
	The Trustee reviewed the draft consolidated Code of Practice and identified key additions and changes impacting DC schemes	06/07/21
Demonstrate sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes	The Trustee is currently conducting a review of the JPS Balanced Fund.	23/03/21
	The Trustee was heavily involved in the implementation of the Scheme's new default investment strategy.	16/06/20
Demonstrate that their combined knowledge and understanding, together with available advice, enables them to properly exercise their functions.	The Trustee completed a detailed review on the Value for Members ("VfM") assessment and provided feedback on the document.	16/09/20
	The Trustee is currently reviewing upcoming ESG requirements with the support of their Investment Consultant and the Company.	23/03/21

	The Trustee held a detailed discussion with its investment advisers on ESG and commissioned a further more detailed report on the Scheme's ESG position	06/07/21
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Other key documents are referenced and discussed at Trustee meetings as appropriate; for example, conflicts of interest, breach log, governance calendar and 3 year plan, bank account movements and risk register are all included as standing items on meeting agendas and therefore these issues are discussed at least once a quarter. Two representatives from BESTrustees Limited attend each quarterly meeting.

The representatives from BESTrustees Limited have completed the Pension Regulator's Trustee Toolkit and have also familiarised themselves with the Scheme's trust deed and rules. Knowledge of the trust deed and rules has been demonstrated by the Trustee through activities such as an annual review of the Scheme Booklet, reviewing the Scheme's investment strategy and dealing with individual member queries (such as death cases and annual allowance queries) as and when they arose through the year. In July 2020 both representatives of BESTrustees Limited received formal accreditation as Professional Pension Trustees through the Association of Professional Pension Trustees. They continue to be accredited as at September 2021.

Taking account of actions taken as a Trustee body, and the professional advice available, the Trustee considers that it is enabled properly to exercise its functions as Trustee of the Scheme.

In addition, while most schemes simply focus on trustee training and use of advisers, we believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour, otherwise trustees cannot be certain that a scheme remains fit for purpose. To ensure this we review the Scheme's demographics profile and carry out member surveys from time to time.

Given the extent of the training above, the Trustee is comfortable that we have demonstrated sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the funding and investment of pension schemes. I am also satisfied that the Trustee has demonstrated a working knowledge of the Scheme's trust deed and rules, Statement of Investment Principles and all other documents setting out the Trustee's current policies.

The Chair's statement regarding DC governance was approved by the Trustee and signed on their behalf by:

Rachel Brougham

Chair of the Trustee

Date: 29 October 2021